

Common stock	--	°	22
Company-obligated mandatorily redeemable preferred securities of subsidiary trusts ("Trust Preferred Securities") holding solely subordinated debt securities (note 9)	1,659	°	1,500
Stockholders' equity (notes 2 and 10):			
Class A Series Preferred Stock, \$.01 par value	--	°	--
Class B 6% Cumulative Redeemable Exchangeable Junior Preferred Stock, \$.01 par value	--	°	--
Common stock, \$.01 par value. Authorized 3,550,000,000 shares; issued 1,327,985,000 shares in 1999	13	°	--
Common stock, \$1 par value:			
Series A TCI Group. Authorized 1,750,000,000 shares; issued 610,748,188 shares in 1998	--	°	611
Series B TCI Group. Authorized 150,000,000 shares; issued 73,929,229 shares in 1998	--	°	74
Series A Liberty Media Group. Authorized 750,000,000 shares; issued 367,890,546 shares in 1998	--	°	368
Series B Liberty Media Group. Authorized 75,000,000 shares; issued 35,198,156 shares in 1998	--	°	35
Series A TCI Ventures Group. Authorized 750,000,000 shares; issued 377,253,230 shares in 1998	--	°	377
Series B TCI Ventures Group. Authorized 75,000,000 shares; issued 45,750,534 shares in 1998	--	°	46
Additional paid-in capital	53,045	°	5,987
Accumulated other comprehensive earnings, net of taxes	2,011	°	3,749
Retained earnings (accumulated deficit)	(1,770)	°	1,124
	53,299	°	12,371
Investment in AT&T (notes 2 and 11)	(4,033)	°	--
Treasury stock and common stock held by subsidiaries, at cost (1,503)	--	°	--
Total stockholders' equity	49,266	°	10,868
Commitments and contingencies (notes 13 and 14)	\$ 77,949	°	\$ 41,851

See accompanying notes to consolidated financial statements.

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES
(see notes 1 and 2)

Consolidated Statements of Operations
(unaudited)

Old TCI	New TCI
-----	-----
Three months ended June 30, 1998	Three months ended June 30, 1999
-----	-----
millions,	amounts in
share amounts	except per
Revenue	\$ 1,419 °
\$ 1,830	°
Operating costs and expenses:	°
Operating (note 11)	558 °
700	°
Selling, general and administrative	360 °
467	°
Year 2000 costs	25 °

1	AT&T merger and integration costs	27	°
10	Stock compensation	119	°
183	Reserve for loss arising from contingent obligation (note 13)	50	°
--	Depreciation and amortization	402	°
434		-----	°
		1,541	°
1,795		-----	°
			°
	Operating income (loss)	(122)	°
35			°
	Other income (expense):		°
	Interest expense:		°
	Unaffiliated parties	(154)	°
(251)	AT&T (notes 2 and 8)	(87)	°
--			°
	Interest and dividend income	3	°
18			°
	Share of losses of Liberty Media Group (note 5)	(543)	°
--			°
	Share of losses of the Other Affiliates, net (note 6)	(300)	°
(351)			°
	Minority interests in earnings of consolidated subsidiaries, net (note 9)	(43)	°
(35)			°
	Gain on issuance of stock by equity investee	--	°
201			°
	Gains on disposition of assets, net (note 7)	--	°
36			°
	Other, net	(6)	°
(8)		-----	°
		(1,130)	°
(390)		-----	°
			°
	Loss before income taxes and extraordinary loss	(1,252)	°
(355)			°
	Income tax benefit	222	°
69		-----	°
			°
	Loss before extraordinary loss	(1,030)	°
(286)			°
	Extraordinary loss (net of income tax benefit of \$9 million) (note 8)	--	°
(13)		-----	°
			°
	Net loss	(1,030)	°
(299)			°
	Dividend requirements on preferred stocks	(3)	°
(2)		-----	°
			°
	Net loss attributable to common stockholders	\$(1,033)	°
\$ (301)		=====	°

=====

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES
(see notes 1 and 2)

Consolidated Statements of Operations, continued
(unaudited)

Old TCI	New TCI
-----	-----
Three months	Three months
ended	ended
June 30, 1998	June 30, 1999
-----	-----
millions,	amounts in
share amounts	except per
Net loss attributable to common stockholders:	
TCI Group Series A and Series B common stock	\$ -- °
\$ (144)	
Liberty Media Group Series A and Series B common stock	-- °
(65)	
TCI Ventures Group Series A and Series B common stock	-- °
(92)	
-----	----- °
\$ (301)	\$ -- °
-----	----- °
Basic loss attributable to common stockholders per common share	°
(note 3):	°
	°
TCI Group Series A and Series B common stock	\$ -- °
\$ (.28)	
-----	----- °
Liberty Media Group Series A and Series B common stock	\$ -- °
\$ (.18)	
-----	----- °
TCI Ventures Group Series A and Series B common stock	\$ -- °
\$ (.22)	
-----	----- °
Diluted loss attributable to common stockholders per common and	°
potential common share (note 3):	°
	°
TCI Group Series A and Series B common stock	\$ -- °
\$ (.28)	
-----	----- °
Liberty Media Group Series A and Series B common stock	\$ -- °
\$ (.18)	
-----	----- °
TCI Ventures Group Series A and Series B common stock	\$ -- °
\$ (.22)	
-----	----- °
-----	----- °

Comprehensive earnings
\$ 209

\$ 57

=====

=====

See accompanying notes to consolidated financial statements.

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES
(see notes 1 and 2)

Consolidated Statements of Operations, continued
(unaudited)

Old TCI	New TCI	
	Four months	Two
months	ended	ended
Six months	June 30, 1999	February 28,
ended		
1999 June 30, 1998		
-----	-----	-----
	amounts in	
millions,	except per share	
amounts		
Revenue	\$ 1,902	\$ 1,145
\$ 3,720		
Operating costs and expenses:		
Operating (note 11)	746	467
1,448		
Selling, general and administrative	483	322
904		
Year 2000 costs	31	11
1		
AT&T merger and integration costs	27	65
10		
Stock compensation	74	366
412		
Reserve for loss arising from contingent obligation		
(note 13)	50	--
--		
Write-off of in-process research and development costs		
(note 2)	594	--
--		
Depreciation and amortization	569	277
868		
-----	-----	-----
3,643	2,574	1,508
-----	-----	-----
Operating income (loss)	(672)	
(363) 77		
Other income (expense):		
Interest expense:		
Unaffiliated parties	(204)	
(161) (535)		
AT&T (notes 2 and 8)	(106)	--
--		
Interest and dividend income	6	13
39		
Share of losses of Liberty Media Group (note 5)	(601)	--
--		
Share of losses of the Other Affiliates, net (note 6)	(377)	

(161)	(589)		°	
	Minority interests in earnings of consolidated subsidiaries, net (note 9)	(58)	°	
(26)	(65)		°	
	Gains on issuance of equity interests by subsidiaries (note 7)	--	°	389
38			°	
	Gain on issuance of stock by equity investee	--	°	--
201			°	
	Gains on disposition of assets, net (notes 6 and 7)	--	°	144
1,099			°	
	Other, net	5	°	8
(18)			°	
-----			°	
		(1,335)	°	206
170			°	
-----			°	
	Earnings (loss) before income taxes and extraordinary loss	(2,007)	°	
(157)	247		°	
	Income tax benefit (expense)	237	°	
(119)	(177)		°	
-----			°	
	Earnings (loss) before extraordinary loss	(1,770)	°	
(276)	70		°	
	Extraordinary loss (net of income tax benefit of \$3 million in 1999 and \$15 million in 1998, respectively) (note 8)	--	°	
(5)	(23)		°	
-----			°	
	Net earnings (loss)	(1,770)	°	
(281)	47		°	
	Dividend requirements on preferred stocks	(3)	°	
(4)	(13)		°	
-----			°	
	Net earnings (loss) attributable to common stockholders	\$(1,773)	°	\$
(285)	\$ 34		°	
=====			°	

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES
(see notes 1 and 2)
Statements of Operations, continued
(unaudited)

Consolidated

Old TCI		New TCI	
-----		-----	
months	Six months	Four months	Two
ended		ended	ended
1999	June 30, 1998	June 30, 1999	February 28,
-----	-----	-----	-----
millions,		amounts in	
amounts		except per share	
Net earnings (loss) attributable to common stockholders:		°	

		Common Stock					
		Class B		TCI Group		Liberty Media Group	
TCI Ventures Group		Preferred					
		Stock		Series A		Series B	
Series A	Series B						
amounts in millions							
Old TCI							

Balance at January 1, 1999		\$	--	\$	611	\$	74
377	\$ 46					\$	368
						\$	35
							\$
Net loss		--	--	--	--	--	--
Reclassification of redeemable common stock to equity upon expiration of put obligations		--	--	--	--	--	--

--	--	Proceeds received upon termination of equity swap facilities (note 10)	--	--	--	--	--
--	--	Settlement of equity swap transaction in connection with preferred stock exchange (note 10)	--	--	--	--	--
--	--	Gain from contribution of cable television systems to joint venture, net of taxes (note 7)	--	--	--	--	--
--	--	Issuance of common stock upon exercise of stock options	--	--	--	--	--
--	--	Recognition of stock compensation related to restricted stock awards	--	--	--	--	--
--	--	Issuance of restricted stock granted pursuant to stock incentive plan	--	3	--	--	--
--	--	Conversion of Series B common stock to Series A common stock (1)	--	--	--	--	--
1	--	Accreted dividends on all classes of preferred stock	--	--	--	--	--
--	--	Accreted dividends on all classes of preferred stock not subject to mandatory redemption requirements	--	--	--	--	--
--	--	Foreign currency translation adjustment	--	--	--	--	--
--	--	Change in unrealized holding gains for available-for-sale securities, net of taxes	--	--	--	--	--
--	--		-----	-----	-----	-----	-----
	-----	Balance at February 28, 1999	\$ --	\$ 614	\$ 74	\$ 368	\$ 35
	378	\$ 45	-----	-----	-----	-----	-----
-----	-----		-----	-----	-----	-----	-----

Total	Additional	Accumulated other comprehensive	Retained	Treasury stock and common stock held by subsidiaries, at cost	
stockholders' equity	paid-in capital	earnings, net of taxes	earnings		
-----	-----	-----	-----	-----	-----
					amounts in millions
Old TCI					

Balance at January 1, 1999	\$ 5,987	\$ 3,749	\$ 1,124	\$ (1,503)	\$
10,868					
Net loss (281)	--	--	(281)	--	
Reclassification of redeemable common stock to equity upon expiration of put obligations	10	--	--	--	
10					
Proceeds received upon termination of equity swap facilities (note 10)	677	--	--	--	
677					
Settlement of equity swap transaction in connection with preferred stock exchange (note 10)	(29)	--	--	--	
(29)					
Gain from contribution of cable television systems to joint ventures, net of taxes (note 7)	9	--	--	--	
9					
Issuance of common stock upon exercise of stock options	3	--	--	--	

	Accumulated deficit	Investment in in AT&T	Total stockholders' equity
	-----	-----	-----
	amounts in millions		
New TCI			

Balance at March 1, 1999 (note 2)	\$ --	\$ (4,018)	\$ 48,137
Net loss	(1,770)	--	(1,770)
Payment of preferred stock dividends	--	--	(10)
Issuance of AT&T Common Stock upon conversion of notes held by the Company (note 8)	--	--	40
Issuance of AT&T Liberty Tracking Stock upon conversion of Liberty Media Group debt (note 5)	--	--	354
Gain from issuance of common stock by affiliates (note 6)	--	--	470
Gain from issuance of common stock by attributed subsidiary of Liberty Media Group	--	--	40
Reclassification by Liberty Media Group of redeemable common stock to equity upon expiration of put obligation	--	--	9
Change in non-interest bearing intercompany account with AT&T	--	(15)	(15)
Change in unrealized holding gains for available-for-sale securities, net of taxes (note 5)	--	--	2,054
Foreign currency translation adjustments, net of taxes (note 5)	--	--	(43)
	-----	-----	-----
Balance at June 30, 1999	\$ (1,770)	\$ (4,033)	\$ 49,266
	-----	-----	-----

See accompanying notes to consolidated financial statements.

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES
(see notes 1 and 2)

Consolidated Statements of Cash Flows
(unaudited)

	New TCI	Old TCI
	-----	-----
Six months	Four months	Two months
ended	ended	ended
June 30, 1998	June 30, 1999	February 28, 1999
-----	-----	-----
	amounts in millions (see note 4)	
Cash flows from operating activities:		
Net earnings (loss)	\$ (1,770)	\$ (281)
\$ 47		
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	569	277
868		
Stock compensation	74	366
412		
Payments of obligation relating to stock compensation	--	(294)
(136)		
Reserve for loss arising from contingent obligation	50	--
--		
Payment of amounts relating to contingent obligation	(114)	--
--		
Share of losses of Liberty Media Group	601	--
--		
Share of losses of the Other Affiliates, net	377	161
589		
Extraordinary loss	(17)	8
38		
Minority interests in earnings of consolidated subsidiaries, net	58	26

65	Gains on issuance of equity interests by subsidiaries	--	°	(389)
(38)	Gain on issuance of stock by equity investee	--	°	--
(201)	Gains on disposition of assets, net	--	°	(144)
(1,099)	Deferred income tax expense (benefit)	(210)	°	113
122	Write-off of in-process research and development costs	594	°	--
--	Other noncash charges (credits)	(29)	°	1
(6)	Changes in operating assets and liabilities, net of the effect of acquisitions and dispositions:		°	
	Change in receivables	(38)	°	(66)
(30)	Change in prepaids	7	°	(18)
(33)	Change in non-interest bearing intercompany account with AT&T	(15)	°	--
--	Change in other accruals and payables	(14)	°	44
(46)		-----	°	-----
	Net cash provided by (used in) operating activities	123	°	(196)
552		-----	°	-----
	Cash flows from investing activities:		°	
	Cash paid for acquisitions	(29)	°	(353)
(72)	Capital expended for property and equipment	(1,013)	°	(297)
(560)	Effect on cash and cash equivalents of deconsolidation of subsidiaries	(401)	°	(53)
--	Investments in and loans to affiliates	(4)	°	(52)
(770)	Collections of loans to affiliates	161	°	709
928	Proceeds from disposition of assets	28	°	344
643	Change in restricted cash	15	°	112
(274)	Other investing activities	(2)	°	65
(14)		-----	°	-----
	Net cash provided by (used in) investing activities	(1,245)	°	475
(119)		-----	°	-----
	Cash flows from financing activities:		°	
	Borrowings of debt	2,127	°	583
2,966	Repayments of debt	(1,490)	°	(1,468)
(2,895)	Proceeds received upon termination of equity swap facilities	--	°	677
--	Prepayment penalties	--	°	(4)
(34)	Repurchase of common stock	--	°	--
(13)	Repurchase of subsidiary common and preferred stock	--	°	(45)
(7)	Payment of preferred stock dividends	(10)	°	(4)
(23)	Payment of dividends on subsidiary preferred stock and Trust Preferred Securities	(79)	°	(12)
(95)	Payments for call agreements	--	°	--
(274)	Other financing activities	(1)	°	8
(7)		-----	°	-----
	Net cash provided by (used in) financing activities	547	°	(265)
(382)		-----	°	-----
	Net change in cash and cash equivalents	(575)	°	14
51	Cash and cash equivalents at beginning of period	575	°	419
244		-----	°	-----

	Cash and cash equivalents at end of period	\$ --	°	\$ 433
\$ 295		-----	°	-----

See accompanying notes to consolidated financial statements.
 TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 1999
 (unaudited)

(1) Basis of Presentation

The accompanying consolidated financial statements include the accounts of Tele-Communications, Inc. and those of all majority-owned subsidiaries ("TCI" or the "Company"). On March 9, 1999, AT&T acquired TCI in a merger transaction (the "AT&T Merger"). For financial reporting purposes the AT&T Merger and related restructuring transactions described in note 2 are deemed to have occurred on March 1, 1999. The consolidated financial statements for periods prior to March 1, 1999 are referred to herein as "Old TCI", and the consolidated financial statements for periods subsequent to February 28, 1999 are referred to herein as "New TCI." Due to the March 1, 1999 application of purchase accounting in connection with the AT&T Merger, the predecessor consolidated financial statements of Old TCI are not comparable to the successor consolidated financial statements of New TCI. In the following text, "TCI" and "the Company" refer to both Old TCI and New TCI. See note 2.

All significant intercompany accounts and transactions have been eliminated in consolidation.

The accompanying interim consolidated financial statements are unaudited but, in the opinion of management, reflect all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the results for such periods. The results of operations for any interim period are not necessarily indicative of results for the full year. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in TCI's Annual Report on Form 10-K for the year ended December 31, 1998.

generally The preparation of financial statements in conformity with
accepted accounting principles requires management to make
estimates and assumptions that affect the reported amounts of assets
and liabilities at the date of the financial statements and the
reported amounts of revenue and expenses during the reporting period.
Actual results could differ from those estimates.

Prior to the AT&T Merger, TCI generally recognized changes in
its proportionate share of the underlying equity of a subsidiary or
equity method investee, which resulted from the issuance of additional
equity securities by such subsidiary or equity investee, in the
consolidated statement of operations. Upon consummation of the AT&T Merger,
TCI began to account for such changes in the underlying equity of
its subsidiaries and affiliates as equity transactions in order to
conform with AT&T's accounting policy.

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Certain prior period amounts have been reclassified for
comparability with the 1999 presentation.

Targeted Stock

were Prior to the AT&T Merger, the Company's assets and operations
separately included in three separate groups, each of which was tracked
by public equity securities. These groups were formerly known as
the "Liberty Media Group" (referred to herein as the "Old Liberty
Group"), the "TCI Ventures Group" and the "TCI Group."

of Old Liberty Group was intended to reflect the separate performance
TCI's assets which produce and distribute programming services.

The TCI Ventures Group was intended to reflect the separate
performance of TCI's principal international assets and businesses
and substantially all of TCI's non-cable and non-programming assets.

The TCI Group was intended to reflect the separate performance of
TCI and its subsidiaries and assets not attributed to Old Liberty Group

or TCI Ventures Group. Such subsidiaries and assets are comprised primarily of TCI's domestic cable and communications business.

TCI Group, Old Liberty Group and TCI Ventures Group individually may be referred to herein as a "Group."

The TCI Group was tracked separately through the Tele-Communications, Inc. Series A TCI Group Common Stock (the "TCI Group Series A Stock") and Series B TCI Group Common Stock (the "TCI Group Series B Stock," and together with the TCI Group Series A Stock, the "TCI Group Stock"). The Old Liberty Group was tracked through the Tele-Communications, Inc. Series A Liberty Media Group Common Stock ("Liberty Group Series A Stock") and Series B Liberty Media Group Common Stock ("Liberty Group Series B Stock" and together with the Liberty Group Series A Stock, the "Liberty Group Stock"). The TCI Ventures Group was tracked separately through the Tele-Communications, Inc. Series A TCI Ventures Group Common Stock ("TCI Ventures Group Series A Stock") and Series B TCI Ventures Group Common Stock ("TCI Ventures Group Series B Stock" and together with the TCI Ventures Group Series A Stock, the "TCI Group Stock").

Upon consummation of the AT&T Merger, each of the separate series of Tele-Communications, Inc. common stock was converted either into shares of AT&T common stock, par value \$1.00 per share, ("AT&T Common Stock") or shares of one of two classes of a new AT&T tracking stock designated to track the combined Old Liberty Group and TCI Ventures Group after giving effect to certain asset transfers. See note 2.

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Following the AT&T Merger, the authorized capital of TCI consists of 3,552,375,096 shares, consisting of 3,550,000,000 shares of common stock, par value \$.01 per share, and 2,375,096 shares of preferred stock, par value \$.01 per share ("Preferred Stock"). The Preferred Stock is divided into two classes: 700,000 shares of Class A

Preferred
6% Stock, par value \$.01 per share, and 1,675,096 shares of Class B
value Cumulative Redeemable Exchangeable Junior Preferred Stock, par
\$.01 per share ("Class B Preferred Stock").

(2) Merger with AT&T and Related Accounting

Italy On March 9, 1999, AT&T acquired TCI in the AT&T Merger, in which
into Merger Corp., a wholly-owned subsidiary of AT&T, merged with and
the TCI, and TCI thereby became a subsidiary of AT&T. As a result of
converted AT&T Merger, (i) each share of TCI Group Series A Stock was
Group into 1.16355 shares of AT&T Common Stock, (ii) each share of TCI
Stock, Series B Stock was converted into 1.27995 shares of AT&T Common
2 (iii) each share of Liberty Group Series A Stock was converted into
newly shares (as adjusted for a June 1999 two-for-one stock split) of a
Liberty created class of AT&T common stock designated as the Class A
Liberty Media Group Common Stock, par value \$1.00 per share (the "AT&T
B Class A Tracking Stock"), (iv) each share of Liberty Group Series
stock Stock was converted into 2 shares (as adjusted for a June 1999
the split) of a newly created class of AT&T common stock designated as
share Class B Liberty Media Group Common Stock, par value \$1.00 per
AT&T (the "AT&T Liberty Class B Tracking Stock" and together with the
(v) Liberty Class A Tracking Stock, the "AT&T Liberty Tracking Stock"),
1.04 each share of TCI Ventures Group Series A Stock was converted into
June shares of AT&T Liberty Class A Tracking Stock (as adjusted for a
Stock 1999 stock split), (vi) each share of TCI Ventures Group Series B
Stock was converted into 1.04 shares of AT&T Liberty Class B Tracking
share (as adjusted for a June 1999 two-for-one stock split), (vii) each
"Series of TCI's Convertible Preferred Stock, Series C-TCI Group (the
of C-TCI Group Preferred Stock") was converted into 154.589253 shares
Preferred of AT&T Common Stock, (viii) each share of TCI's Convertible
Group Stock Series C-Liberty Media Group (the "Series C-Liberty Media
Liberty Preferred Stock") was converted into 112.50 shares of AT&T
stock Class A Tracking Stock (as adjusted for a June 1999 two-for-one
Group split), (ix) each share of TCI's Redeemable Convertible TCI
converted Preferred Stock, Series G ("Series G Preferred Stock") was

TCI's into 1.3846245 shares of AT&T Common Stock and (x) each share of
H Redeemable Convertible Liberty Media Group Preferred Stock, Series
AT&T ("Series H Preferred Stock") was converted into 1.18125 shares of
one Liberty Class A Tracking Stock (as adjusted for a June 1999 two-for-
B stock split). Following the AT&T Merger, each share of Class
Preferred Stock continues to be outstanding as the Class B
prior Stock of TCI with the same rights and preferences such stock had
Liberty to the AT&T Merger. In general, the holders of shares of AT&T
Class Class A Tracking Stock and the holders of shares of AT&T Liberty
holders B Tracking Stock will vote together as a single class with the
such of shares of AT&T Common Stock on all matters presented to
for stockholders, with the holders being entitled to 3/40th of a vote
a each share of AT&T Liberty Class A Tracking Stock held, 3/4ths of
vote vote per share of AT&T Liberty Class B Tracking Stock held and 1
per share of AT&T Common Stock held.

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

are The shares of AT&T Liberty Tracking Stock issued in the AT&T Merger
and intended to reflect the separate performance of the businesses
the assets attributed to Old Liberty Group and TCI Ventures Group at
Group" time of the AT&T Merger. References herein to "Liberty/Ventures
Group and refer to the combined assets and businesses of Old Liberty
subsequent TCI Ventures Group for periods prior to the AT&T Merger, and
as to the AT&T Merger such combined assets and business are referred to
and "Liberty Media Group." Pursuant to, and subject to the terms
and conditions set forth in the Agreement and Plan of Restructuring
immediately Merger, dated as of June 23, 1998 (the "Merger Agreement"),
TCI prior to the AT&T Merger, certain assets previously attributed to
Common Ventures Group (including, among others, the shares of AT&T
Group, Stock received in the merger of AT&T and Teleport Communications
to Inc. ("TCG"), the stock of At Home Corporation ("@Home") attributed
TCI Ventures Group, the assets and business of the National

Digital Television Center, Inc. ("NDTC") and TCI Ventures Group's equity interest in Western Tele-Communications, Inc. ("WTCI")) were transferred to TCI Group in exchange for approximately \$5.5 billion in cash. Also, upon consummation of the AT&T Merger, through a new tax sharing agreement between Liberty Media Group and AT&T, Liberty Media Group became entitled to the benefit of approximately \$2.0 billion of net operating loss carryforwards attributable to all entities included in TCI's consolidated federal income tax return as of the date of the AT&T Merger. Such net operating loss carryforwards are subject to adjustment by the Internal Revenue Service and are subject to limitations on usage which may affect the ultimate amount utilized. Additionally, certain warrants to purchase shares of General Instruments Corporation ("GI") previously attributed to TCI Group were transferred to Liberty/Ventures Group in exchange for approximately \$176 million in cash. The transfer of certain immaterial assets was also effected.

Media Immediately prior to the AT&T Merger, AT&T and Liberty of Corporation entered into an agreement relating to the carriage of programming of Liberty Media Group to be distributed over the AT&T cable systems. Pursuant to this agreement, Liberty Media Group will be granted, among other rights, "preferred vendor status" with respect to certain types of new programming services. Liberty Media Group will also be entitled to the use of channel capacity equal to one six megahertz channel to be used for category specific interactive video channels. In addition, such agreement also provided for the extension of existing affiliation agreements between TCI and programming affiliates of Liberty Media Group to a date not less than 10 years from the closing of the AT&T Merger, upon the terms and conditions set forth in such agreement.

entities Pursuant to amended corporate governance documents for the included in Liberty Media Group and certain agreements among AT&T and TCI, the business of Liberty Media Group will continue to be managed by certain persons who were members of TCI's management prior to the AT&T

of Merger. AT&T will initially designate one third of the directors
such entities and its rights as the sole shareholder of the
common stock of such entities following the AT&T Merger will, in
accordance with Delaware law, be limited to actions which will require
shareholder approval. Therefore, management has concluded that TCI does not have
a controlling financial interest (as that term is used in Statement
of Financial Accounting Standards No. 94) in the entities comprising
the Liberty Media Group following the AT&T Merger, and will account for
its ownership interests in such entities under the equity method.

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

of Immediately prior to the AT&T Merger, TCI restructured its ownership
certain of its subsidiaries (the "Restructuring"). The
Restructuring included merging TCI's cable subsidiary, TCI Communications,
Inc. ("TCIC"), into TCI. As a result of TCIC's merger with TCI, all
assets and liabilities of TCIC have been assumed by TCI, including
TCIC's public debt. In connection with TCIC's merger with TCI, each share
of TCIC's Cumulative Exchangeable Preferred Stock, Series A was
converted into 2.119 shares of TCI Group Series A Stock, and such shares of
TCI Group Series A Stock were subsequently converted into AT&T Common
Stock in connection with the AT&T Merger. All other public securities
issued by subsidiaries of TCIC (other than TCI Pacific Communications,
Inc. ("Pacific")) otherwise remained unaffected. Furthermore, as part of
the Restructuring, (i) AT&T loaned TCI \$5.5 billion pursuant to
a promissory note, (ii) certain asset transfers were made between TCI
and its subsidiaries, (iii) 123,896 shares of the Company's
Convertible Redeemable Participating Preferred Stock, Series F ("Series F
Preferred Stock") which were held by subsidiaries of TCI, were converted
into 185,428,946 shares of TCI Group Series A Stock (which in turn
were converted into 215,755,850 shares of AT&T Common Stock in the
AT&T Merger and continue to be held by subsidiaries of TCI), (iv)
the remaining 154,411 shares of Series F Preferred Stock which
were

a
TCI
Stock,
of
Preferred
to
formerly held by subsidiaries of TCI were distributed to TCI through a series of liquidations and canceled, and (v) 125,728,816 shares of TCI Group Series A Stock, 9,154,134 shares of TCI Group Series B Stock, 6,654,367 shares of Liberty Group Series A Stock, 3,417,187 shares of Liberty Group Series B Stock, and 67,536 shares of Class B Stock, each formerly held by subsidiaries of TCI, were distributed to TCI through a series of liquidations and canceled.

Exchangeable
each
1,
to
to
the
AT&T
of
Under the terms of the 5% Class A Senior Cumulative Preferred Stock of Pacific (the "Exchangeable Preferred Stock"), share of that preferred stock is exchangeable, from and after August 1, 2001, for approximately 6.3375 shares of AT&T Common Stock, subject to certain anti-dilution adjustments. Additionally, Pacific may elect to make any dividend, redemption or liquidation payment on the Exchangeable Preferred Stock in cash, by delivery of shares of Common Stock or by a combination of the foregoing forms of consideration.

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

of
for
allocation
TCI's
final
of
party
and
compensation
1999.
a
the
The AT&T Merger has been accounted for using the purchase method of accounting and has been deemed to be effective as of March 1, 1999 for financial reporting purposes. Accordingly, the preliminary allocation of AT&T's purchase price to acquire Old TCI has been reflected in TCI's consolidated financial statements as of March 1, 1999. A final allocation of such purchase price will be made upon resolution of pre-acquisition contingencies and receipt of final third party appraisals. Certain transactions occurring between March 1, 1999 and March 9, 1999 that affected Old TCI's equity and stock compensation have been reflected in the two-month period ended February 28, 1999. The \$52.2 billion aggregate value assigned to TCI's net assets as a result of the application of purchase accounting was comprised of the following (amounts in millions):

26,798	Issuance of AT&T Common Stock	\$
23,360	Issuance of AT&T Liberty Tracking Stock	
1,593	Assumption of convertible notes	
154	Assumption of Class B Preferred Stock	
250	Estimated merger costs	
-		-----
52,155		\$

average
AT&T
AT&T
of
was
the
fair
the

The value assigned to the AT&T Common Stock was based on the closing price of AT&T Common Stock a few days before and after the Merger was agreed to and announced. The value assigned to the Liberty Tracking Stock was based on the average closing price of Liberty Group Stock a few days before and after the AT&T Merger was agreed to and announced. The Liberty Group Stock was used to value AT&T Liberty Tracking Stock issued in the AT&T Merger because the value of Liberty Group Stock was more readily determinable than the fair value of the AT&T Liberty Tracking Stock.

of
purchase
purchase
entities

The following table reflects the opening summarized balance sheet of New TCI which includes the effects of the Restructuring, accounting adjustments resulting from the allocation of AT&T's purchase price to acquire Old TCI and the deconsolidation of the comprising Liberty Media Group following the AT&T Merger:

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

	New TCI March 1, 1999 ----- (amounts in millions)
Assets	
Cash and cash equivalents	\$ 575
Restricted cash	55
Receivables and prepaid assets	573
Investment in Liberty Media Group	33,728
Investment in the Other Affiliates	8,147
Property and equipment, net	6,072
Intangible assets, net	25,347
Other assets, net	2,395

	\$ 76,892

Liabilities and Stockholders' Equity	

Accounts payable and accrued expenses	\$ 1,728
Debt	16,850
Deferred income taxes	4,680
Other liabilities	1,271

Total liabilities	24,529

Minority interests in equity of consolidated subsidiaries	2,566
Trust Preferred Securities	1,660
Stockholders' equity	52,155
Investment in AT&T	(4,018)

Total stockholders' equity	48,137

	\$ 76,892

The following table reflects the change in cash and cash equivalents as a result of the Restructuring and the deconsolidation of Liberty Media Group (amounts in millions):

	Cash and cash equivalents of Old TCI at February 28, 1999
\$ 433	
	Cash received from AT&T in Restructuring
5,461	
	Decrease in cash due to deconsolidation of Liberty Media Group
(5,319)	

	Cash and cash equivalents of New TCI at March 1, 1999
\$ 575	
=====	

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

As a result of the application of purchase accounting, New TCI has recorded its assets and liabilities at their preliminary fair values on March 9, 1999. Certain of the more significant effects of purchase accounting are described below.

The \$25 billion assigned to New TCI's intangible assets, as of March 1, 1999, is primarily comprised of goodwill and is being amortized over the estimated useful lives of such assets, primarily 40 years. New TCI's intangible assets in the March 1, 1999 opening consolidated balance sheet also include \$594 million of in-process research and development costs. Such amount reflects the value, as of

the acquisition date, of the Company's research and development projects which had not yet reached technological feasibility and which had no alternative future use. Such in-process research and development costs were written-off during March 1999.

As a result of the application of purchase accounting, the amount assigned to New TCI's other liabilities includes \$237 million which represents New TCI's estimated liability for unvested stock appreciation rights as of March 9, 1999. Such unvested stock appreciation rights will vest over remaining periods ranging from 1 to 5 years. The amount assigned to New TCI's minority interests in equity of consolidated subsidiaries includes \$2.1 billion which represents the fair value of the redeemable preferred stock of a subsidiary. For additional information regarding the effects of purchase accounting on New TCI's assets and liabilities, see notes 6, 8 and 9.

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The following unaudited condensed results of operations for the six months ended June 30, 1999 and 1998 were prepared assuming the AT&T Merger, the Restructuring and the deconsolidation of Liberty Media Group occurred on January 1, 1998. These pro forma amounts are not necessarily indicative of operating results which would have occurred if the AT&T Merger, the Restructuring and the deconsolidation of Liberty Media Group had occurred on January 1, 1998.

		Six months ended June	

		1999	

		(amounts in	
		millions)	
30,	Revenue	\$ 2,843	\$

1998	Net loss before extraordinary item	\$ (2,278)	

	Net loss	\$ (2,283)	

(675)

(3) Earnings (Loss) Per Common and Potential Common Share

loss
average
to
of
beginning
an
diluted
Subsequent
AT&T.

Basic earnings per share ("EPS") is measured as the income or
attributable to common stockholders divided by the weighted
outstanding common shares for the period. Diluted EPS is similar
basic EPS but presents the dilutive effect on a per share basis
potential common shares as if they had been converted at the
of the periods presented. Potential common shares that have
anti-dilutive effect are excluded from diluted EPS. Basic and
EPS are presented only for periods prior to the AT&T Merger.
to the AT&T Merger, all shares of common stock of TCI are held by
See notes 1 and 2.

(a) TCI Group Stock

common
ended
ended
(loss)
weighted
Stock

The basic earnings (loss) attributable to TCI Group
stockholders per common share for the two months
February 28, 1999 and the three and six month periods
June 30, 1998 was computed by dividing net earnings
attributable to TCI Group common stockholders by the
average number of common shares outstanding of TCI Group
during the period.

stockholders
1999
Group
paid
the
TCI
were
shares

The diluted loss attributable to TCI Group common
per common share for the two months ended February 28,
was computed by dividing net loss attributable to TCI
common stockholders, which is increased by aggregate fees
on equity swap facilities of \$4 million during 1999, by
weighted average number of common shares outstanding of
Group Stock during the period. Potential common shares
not included in the computation of weighted average
outstanding because their inclusion would be anti-dilutive.

(continued)

common
June
to
the
accrued
earnings,
of
of
the
TCI
preferred
stock
the
below.
certain
Convertible
and
30,
the
shareholders
antidilutive
outstanding
effective

stockholders
was
common
shares
Potential
weighted
be

Group

The diluted earnings attributable to TCI Group stockholders per common share for the six months ended 30, 1998 was computed by dividing net earnings attributable to TCI Group common stockholders, which is adjusted by addition of preferred stock dividends and interest during the six months ended June 30, 1998 to net assuming conversion of TCI Group convertible securities as the beginning of the period, by the weighted average number common shares outstanding of TCI Group Stock during period. Shares issuable upon conversion of the Series C-Group Preferred Stock, the Series G Preferred Stock, stock of subsidiaries, convertible notes payable, and options and other performance awards have been included in computation of weighted average shares, as illustrated Shares of TCI Group Stock issuable upon exercise of stock rights, and issuable upon conversion of Preferred Stock, Series D ("Series D Preferred Stock") associated dividend payments for the six months ended June 1998 have been excluded as adjustments in computing diluted earnings attributable to TCI Group common per common share as Series D Preferred Stock is for the six months ended June 30, 1998. All of the shares of Series D Preferred Stock were redeemed April 1, 1998.

The diluted loss attributable to TCI Group common per common share for the three months ended June 30, 1998 computed by dividing net loss attributable to TCI Group stockholders by the weighted average number of common outstanding of TCI Group Stock during the period. common shares were not included in the computation of average shares outstanding because their inclusion would be anti-dilutive.

In connection with the March 9, 1999 AT&T Merger, TCI Stock was converted into AT&T Common Stock. See note 2.

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Information concerning the reconciliation of basic EPS to diluted EPS with respect to TCI Group Stock is presented below:

		Old TCI	
months ended	Six months ended	Two months ended	Three months ended
1998	June 30, 1998	February 28, 1999	June 30, 1999
per share amounts		amounts in millions, except	
Basic EPS:			
Earnings (loss) attributable to common stockholders		\$ (226)	\$ (144)
\$ 83		=====	=====
Weighted average common shares		539	523
520		=====	=====
Basic earnings (loss) per share attributable to common stockholders		\$ (.42)	\$ (.28)
\$.16		=====	=====
Diluted EPS:			
Earnings (loss) attributable to common stockholders		\$ (226)	\$ (144)
\$ 83			
Add preferred dividend requirements		--	--
6			
Add interest expense		--	--
1			
Less fees paid on equity swap facilities		(4)	--
--		-----	-----
Adjusted earnings (loss) attributable to common stockholders assuming conversion of preferred shares		\$ (230)	\$ (144)
\$ 90		=====	=====
Weighted average common shares		539	523
520		-----	-----
Add dilutive potential common shares:			
Employee and director options and other performance awards		--	--
9			
Convertible notes payable		--	--
24			
Series C-TCI Group Preferred Stock		--	--
7			
Series G Preferred Stock		--	--
8			
Preferred stock of subsidiaries		--	--
45		-----	-----
Dilutive potential common shares		--	--
93			

-----	-----	-----
613 Diluted weighted average common shares	539	523
-----	-----	-----
=====		
Diluted earnings (loss) per share attributable to common stockholders	\$(.43)	\$(.28)
\$.15		
=====	=====	=====
=====		

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(b) Liberty Group Stock

Group ended ended Liberty common were Old average Stock included the inclusion earnings attributable to Old Liberty Group common six earnings the shares Shares Group H and diluted below.

The basic earnings (loss) attributable to Old Liberty common stockholders per common share for the two months February 28, 1999 and the three and six month periods June 30, 1998 and the diluted loss attributable to Old Group common stockholders per common and potential share for the two months ended February 28, 1999, computed by dividing net earnings (loss) attributable to Liberty Group common stockholders by the weighted number of common shares outstanding of Liberty Group during the period. Potential common shares were not included in the diluted computation of weighted average shares for the two months ended February 28, 1999 because their inclusion would be anti-dilutive. The diluted earnings attributable to Old Liberty Group common stockholders per common and potential common share for the six months ended June 30, 1998 were computed by dividing attributable to Old Liberty Group common stockholders by weighted average number of common and potential common outstanding of Liberty Group Stock during the period. issuable upon conversion of the Series C-Liberty Media Preferred Stock, the Series D Preferred Stock, the Series Preferred Stock, convertible notes payable, stock options other performance awards have been included in the calculation of weighted average shares, as illustrated below.

were
for
convertible
respectively,
share

All of the outstanding shares of Series D Preferred Stock redeemed effective April 1, 1998. Numerator adjustments dividends and interest associated with the preferred shares and convertible notes payable, were not made to the computation of diluted earnings per as such dividends and interest were paid by TCI Group.

common
June
to
number
the
the
because

The diluted loss attributable to Old Liberty Group stockholders per common share for the three months ended 30, 1998 was computed by dividing the net loss attributable Old Liberty Group stockholders by the weighted average of common shares outstanding of Liberty Group Stock during period. Potential common shares were not included in computation of weighted average shares outstanding their inclusion would be anti-dilutive.

was

In connection with the AT&T Merger, Liberty Group Stock converted into AT&T Liberty Tracking Stock. See note 2.

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Information concerning the reconciliation of basic EPS to diluted EPS with respect to Liberty Group Stock is presented below:

		Old TCI	
-----		-----	
months	Six months	Two months	Three
ended		ended	ended
1998	June 30, 1998	February 28, 1999	June 30,
---	-----	-----	-----
millions,		amounts in	
amounts		except per share	
Basic EPS:			
Earnings (loss) attributable to common stockholders		\$ (49)	\$ (65)
\$ 238		-----	-----
=====			
Weighted average common shares		367	358
356		-----	-----
=====			
Basic earnings (loss) per share attributable to common stockholders		\$ (.13)	\$ (.18)
\$.67			

=====		
Diluted EPS:		
Earnings (loss) attributable to common stockholders	\$ (49)	\$ (65)
\$ 238	-----	-----
=====		
Weighted average common shares	367	358
356	-----	-----

Add dilutive potential common shares:		
Employee and director options and other performance awards	--	--
8	--	--
Convertible notes payable	--	--
19	--	--
Series C-Liberty Media Group Preferred Stock	--	--
4	--	--
Series H Preferred Stock	--	--
4	-----	-----

Dilutive potential common shares	--	--
35	-----	-----

Diluted weighted average common shares	367	358
391	-----	-----
=====		
Diluted earnings (loss) per share attributable to common stockholders	\$ (.13)	\$ (.18)
\$.61	=====	=====
=====		

(c) TCI Ventures Group Stock

Common
ended
ended
attributable
weighted
Ventures
and
not
shares

The basic loss attributable to TCI Ventures Group stockholders per common share for the two months ended February 28, 1999 and the three and six month periods ended June 30, 1998 was computed by dividing net loss to TCI Ventures Group common stockholders by the average number of common shares outstanding of TCI Group Stock during the period (423 million, 422 million and 421 million, respectively). Potential common shares were not included in the diluted calculation of weighted average shares outstanding because their inclusion would be anti-dilutive.

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Common
ended

The diluted loss attributable to TCI Ventures Group stockholders per common share for the two months ended February 28, 1999 and the three and six month periods

ended
attributable
weighted
Ventures
loss
is
directly to
note
is
shares
average
be
Ventures
Stock.

June 30, 1998 was computed by dividing net loss to TCI Ventures Group common stockholders by the average number of common shares outstanding of TCI Group Stock during the period. In 1999, the net attributable to TCI Ventures Group common stock holders increased by \$29 million for charges recorded equity upon settlement of an equity swap transaction. See 10. For purposes of computing diluted EPS such amount assumed to be charged to earnings. Potential common were not included in the computation of weighted shares outstanding because their inclusion would be anti-dilutive.

In connection with the March 9, 1999 AT&T Merger, TCI Group Stock was converted into AT&T Liberty Tracking
See note 2.

(4) Supplemental Disclosures to Consolidated Statements of Cash Flows

million
February
certain
flows

Cash paid for interest was \$105 million, \$287 million and \$538 for the four months ended June 30, 1999, the two months ended 28, 1999 and the six months ended June 30, 1998, respectively.

Cash paid for income taxes was not material during such periods.

Significant non-cash investing and financing activities and supplemental disclosures with respect to the statement of cash are reflected below:

	New TCI	Old TCI
	Four months	Two months
	ended	ended
	June 30, 1999	February 28, 1999
	-----	-----

amounts in millions

Cash paid for acquisitions:			
Recorded value of assets acquired	\$ (29)	°	\$(353)
Net liabilities assumed	--	°	--
Deferred tax liability recorded in acquisitions	--	°	--
Change in minority interests in equity of		°	

consolidated subsidiaries	--	°	--
(179)			
Elimination of notes receivable from affiliates	--	°	--
350			
Common stock issued in acquisitions	--	°	--
376			
	-----	°	-----
		°	
Cash paid for acquisitions	\$ (29)	°	\$(353)
\$ (72)			
	=====	°	=====
		°	
Capitalized costs of distribution agreements	\$ 79	°	\$ --
\$ 83			
	=====	°	=====

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The Company ceased to include TV Guide, Inc. ("TV Guide") in its consolidated financial results and began to account for TV Guide using the equity method of accounting effective February 28, 1999 (see note 7). In addition, during the second quarter of 1999, the Company ceased to include @Home in its consolidated financial results and began to account for @Home using the equity method of accounting (see note 6). The effects of changing the method of accounting for the Company's ownership interests in TV Guide and @Home from the consolidation method to the equity method are summarized below (amounts in millions):

Two months ended February 28, 1999	Four months ended June 30, 1999
-----	-----
Assets (other than cash and cash equivalents)	
° reclassified to investments in affiliates	\$(896)
° \$(572)	
Liabilities reclassified to investments in affiliates	357
° 190	
Minority interests in equity of subsidiaries	
° reclassified to investments in affiliates	474
° 63	
Gain on issuance of equity by subsidiary	466
° 372	
° -----	-----
°	
Decrease in cash and cash equivalents	\$ 401

see For a description of certain additional non-cash transactions,
notes 2, 6 and 7.

June The Company's restricted cash of \$40 million and \$185 million at
of 30, 1999 and December 31, 1998, respectively, is primarily comprised
Such proceeds received in connection with certain asset dispositions.
30, proceeds, which aggregated \$32 million and \$162 million at June
be 1999 and December 31, 1998, respectively, are designated to
At reinvested in certain identified assets for income tax purposes.
\$17 December 31, 1998, the Company's restricted cash also included
to million held as collateral for interest payment obligations pursuant
to certain bank credit facilities.

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(5) Investment in Liberty Media Group

the As described in note 2, immediately following the AT&T Merger,
the entities comprising the Liberty Media Group were deconsolidated.
The Company's investment in Liberty Media Group includes non-
interest bearing receivables from Liberty Media Group. Summarized
unaudited results of operations for Liberty Media Group for the period in
which the Company used the equity method to account for Liberty Media
Group are as follows (amounts in millions):

	Four months ended June 30, 1999 -----
Revenue	\$ 292
Operating costs and expenses	(240)
Stock compensation	(455)
Depreciation and amortization	(230)

Operating loss	(633)
Interest expense	(46)
Other, net	78

Net loss

\$ (601)
=====

During March and April 1999, certain convertible debentures of a subsidiary attributed to the Liberty Media Group were converted into shares of AT&T Liberty Tracking Stock. The \$354 million principal amount of such converted debentures has been reflected as an increase to New TCI's additional paid-in capital.

The accompanying consolidated statement of stockholders' equity for the four months ended June 30, 1999 includes changes in Liberty Media Group's unrealized holding gains for available-for-sale securities totaling \$2,012 million, net of taxes, and Liberty Media Group's foreign currency translation adjustments totaling \$43 million, net of taxes.

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(6) Investments in the Other Affiliates

The Company has various investments in the Other Affiliates accounted for under the equity method. The following table includes the Company's carrying value of its more significant investments in the Other Affiliates as of the indicated dates:

	New TCI	Old
TCI	-----	-----

June 30,		
December 31,	1999	
1998	-----	-----

	amounts in millions	
Cablevision Systems Corporation ("CSC") (a)	\$ 3,223	° \$
945		
@Home (b)	3,193	°
--		
Lenfest Communications, Inc. ("Lenfest")	1,708	°
(138)		
Texas Cable Partners, L.P.	726	°
111		
InterMedia Capital Partners IV, L.P.		

201	574	°	
USA Networks, Inc. and related investments (c)	--	°	
1,042			
Various foreign equity investments (c)	--	°	
1,492			
Other	1,658	°	
1,056	-----	°	-----
--			
	\$11,082	°	\$
4,709	=====	°	
=====			

	(a)	CSC
of		On March 4, 1998, the Company contributed to CSC certain
830,000		its cable television systems serving approximately
newly		customers in exchange for approximately 48.9 million
CSC		issued CSC Class A common shares (the "CSC Transaction").
debt		also assumed and repaid approximately \$574 million of
of		owed by the Company to external parties and \$95 million
Transaction,		debt owed to the Company. As a result of the CSC
accompanying		the Company recognized a \$506 million gain in the
ended		consolidated statement of operations for the six months
\$1,161		June 30, 1998. Such gain represents the excess of the
received		million fair value of the CSC Class A common shares
the		over the historical cost of the net assets transferred by
		Company to CSC.

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

CSC	The Company has also entered into letters of intent with
in	which provide for the Company to acquire a cable system
shares	Michigan and an additional 4% of CSC's Class A common
approximately	and for CSC to (i) acquire cable systems serving
million	250,000 customers in Connecticut and (ii) assume \$110
	of liabilities.

At June 30, 1999, the Company owned 48,942,172 shares of

CSC
of
an
outstanding
all
which
of
shares,
interest in
common
its
and
As
Group,
Liberty
investment

Class A common stock, which had a closing market price of \$70.00 per share on such date. Such shares represented an approximate 32% equity interest in CSC's total outstanding shares and an approximate 9% voting interest in CSC in all matters except for (i) the election of directors, in which case the Company effectively has the right to designate two of CSC's directors, and (ii) any increase in authorized shares, in which case the Company has agreed to vote its interest in proportion with the public holders of CSC Class A common shares. The ability of the Company to sell or increase its investment in CSC is subject to certain restrictions and limitations set forth in a stockholders agreement with CSC. As a result of the deconsolidation of Liberty Media Group, 1,040,400 shares of CSC Class A common stock held by Liberty Media Group are no longer included in the Company's investment in CSC. See note 2.

(b)

@Home

@Home
@Home.
that
that
Standards
quarter
account

with
that
Internet
personalization
@Home
stock
all
exchange

During the second quarter of 1999, the stockholders of @Home approved certain changes in the corporate governance of @Home. As a result of these changes, management has concluded that TCI no longer holds a controlling financial interest (as that term is used in Statement of Financial Accounting Standards No. 94) in @Home and, accordingly, during the second quarter of 1999, TCI ceased to consolidate @Home and began to account for @Home using the equity method of accounting.

On May 28, 1999, @Home consummated a merger agreement with Excite, Inc. ("Excite"), a global Internet media company that offers consumers and advertisers comprehensive Internet navigation services with extensive personalization capabilities. Under the terms of the merger agreement, @Home issued approximately 116 million shares of its common stock (as adjusted for a June 1999 two-for-one stock split) for all of the outstanding common stock of Excite based on an exchange ratio of 2.083804 shares of @Home's common stock (as

adjusted
of
46
a
the
and
a
@Home
in
ownership
to
to
Company
(as
a

for a June 1999 two-for-one stock split) for each share
Excite's common stock. @Home may issue up to approximately
million additional shares of common stock (as adjusted for
June 1999 two-for-one stock split) in connection with
assumption of obligations under Excite's stock option
employer stock purchase plans and outstanding warrants. As
result of the merger, TCI's economic interest in
decreased from 38% to 26%. Due to the resulting increase
@Home's equity, net of the dilution of TCI's
interest in @Home, TCI recorded a \$466 million increase
"Additional paid-in capital" and a \$298 million increase
"Deferred income tax liability." At June 30, 1999, the
owned 63,720,000 shares of @Home Class A common stock
adjusted for a June 1999 two-for-one stock split), which had
closing market price of \$53.94 per share on such date.

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

issued
1999
in
ownership

During the two months ended February 28, 1999, @Home
2.2 million common shares (as adjusted for a June
two-for-one stock split). Due to the resulting increase
@Home's equity, net of the dilution of TCI's
interest in @Home, TCI recognized a gain of \$17 million.

(c) Liberty Media Group Investments

the
Company's

As a result of the deconsolidation of Liberty Media Group,
indicated investments are no longer included in the
consolidated investments. See note 2.

Company's
aggregate
\$11.2
being

At June 30, 1999, the aggregate carrying value of the
investments in the Other Affiliates exceeded the Company's
proportionate share of the Other Affiliates' underlying equity by
billion, of which \$5.4 billion, \$4.2 billion and \$1.6 billion is
amortized over 40 years, 25 years and 7 years, respectively.

TCI has entered into various agreements, which, among other

matters, contemplate the disposition of certain of its investments in the
Other Affiliates. See note 7.

Other Summarized unaudited combined results of operations for the
method Affiliates for the periods in which the Company used the equity
to account for the Other Affiliates are as follows:

		Six months ended June	

		1999	1998
		-----	-----
30,			
-	Combined Operations		
-	-----		
		amounts in millions	
	Revenue	\$ 5,443	\$
8,209	Operating expenses	(4,333)	
(7,211)	Depreciation and amortization	(1,324)	
(1,585)		-----	-----
-			
	Operating loss	(214)	
(587)			
	Interest expense	(766)	
(1,110)	Other, net	(124)	
(172)		-----	-----
-			
	Net loss	\$ (1,104)	
\$ (1,869)		=====	

(7) Acquisitions and Dispositions

that On May 4, 1999, AT&T and Comcast Corporation ("Comcast") announced
systems, they had signed a letter of intent to exchange various cable
will including certain cable systems of TCI. In addition, Comcast
years, receive an option from AT&T to purchase, over the next three
million additional cable systems with a total of approximately 1.25
foregoing subscribers, which may include cable subscribers of TCI. The
and agreements are subject to completion of certain other transactions,
regulatory and legal approvals.

(continued)